



## Request for City Council Committee Action

**Date:** April 22, 2003

**To:** Honorable Sandra Colvin Roy, Chair Transportation and Public Works Committee

**Referral To:** Honorable Lisa Goodman, Chair MCDA Operating Committee

**Subject:** Nicollet Hotel Block Redevelopment/Downtown Bus Terminal;  
1) Permission to Issue RFP; 2) Authority to negotiate an agreement with MCDA regarding Project responsibilities; 3) Authority to negotiate an agreement with Metro Council regarding lease, operation, and maintenance of the Terminal

**Recommendation:** 1) That MCDA be granted permission to issue an RFP for redevelopment of the Nicollet Hotel Block; 2) That the City Engineer and MCDA Executive Director be authorized to negotiate an agreement regarding sharing of Project responsibilities and costs between the agencies; 3) That the City Engineer be authorized to negotiate an agreement with Metro Council regarding lease, operation, and maintenance of the Terminal.

### Previous Directives:

- City application and subsequent acceptance of Nicollet Mall Shuttle Grant from the Federal Transit Administration. This application and Grant included a "North Terminal" for the Shuttle, now Downtown Circulator.

**Prepared By:** Bob Morgan, Transportation & Parking Services 673-3610

**Approved by:** Klara A. Fabry, Director of Public Works

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Klara A. Fabry, Director of Public Works

**Presenter:** Bob Morgan

### Financial Impact (Check those that apply)

- ☒ No financial impact (If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

## **Background/Supporting Information**

Phase I of the Nicollet Mall Shuttle Project built the Leamington Transit facility to serve as the South Terminal for the Nicollet Mall Shuttle. Phase II, the current \$8 million Federal Transit Administration (FTA) Grant to the City of Minneapolis was for purchase of buses, construction of a North Terminal for the Shuttle, and construction of fueling stations for dispensing natural gas fuel for the Shuttle buses.

The Shuttle Project did not advance to implementation and has now been replaced by the Downtown Circulator Project. Hybrid diesel-electric propulsion and ultra low sulfur fuel have replaced natural gas as the alternative fuel being demonstrated. Hence, the natural gas fueling stations are no longer needed.

The City Council has directed, and proper City Officers have executed, agreements with the Metro Council for the purchase of three hybrid diesel-electric buses and five buses designed to use ultra low sulfur fuel. The pilot hybrid diesel-electric bus is currently in use in regular route service. The remaining two diesel-electric buses are in the production queue and will be delivered this August. The five ultra low sulfur fueled buses will be ordered by Metro Council as a change to one of their existing orders. These buses are expected to be delivered late this year.

The Circulator will provide improved transit service Downtown with a clearly identified bus on a unique route serving Downtown destinations. It will provide an excellent tie to LRT by having a bus waiting for each incoming train during the day and meeting each out outbound train in the evening, both at the Nicollet Mall Station. We believe the Circulator will encourage transit use and help us toward the goal of increasing the number of Downtown destined trips that come as shared rides, on bicycle, or walking. Our consultant has estimated an annual Circulator ridership of 2.44 million in the first year of operation and nearly 3.1 million in 2020. We plan to incorporate a more detailed analysis of the Circulator, its benefits, and how it serves Downtown in the development of a Downtown transit plan for the 2020 – 2030 time period. We intend to come to your Committee in the very near future with a specific study proposal.

The Nicollet Hotel Block, located immediately north of the new Library, was purchased by the City in 1993. The purpose of this acquisition was to build a North Terminal for the then proposed Nicollet Mall Shuttle. The Shuttle Project did not advance to implementation and has now been replaced by the Downtown Circulator Project. The Terminal will therefore not be used to intercept all inbound buses from the north for transfer to the Shuttle as was initially envisioned. It will be used as the Circulator layover, as a layover for regular route Metro Transit buses, and as a transfer point for passengers on those routes. This will permit the elimination of twelve current on-street bus layovers on the north side of Downtown.

Since FTA funds were used to purchase this property, the City must adhere to federal requirements relating to its use. One requirement is that the purposes for which FTA funds were expended, i.e., for use as a bus terminal, be met in the ultimate use of the land. FTA must approve whatever ownership/lease arrangements are negotiated. Failure to fully satisfy FTA requirements will result in all, or at least a portion, of the current value of the land to be returned to FTA.

Public Works and MCDA have cooperated to prepare a Request for Proposals (RFP) for development of the former Nicollet Hotel Block. This RFP is for a mixed-use, transit oriented joint development including a below grade bus terminal. City legal staff has advised that since the City will retain ownership of the land, the bus terminal must be built by the City, not by MCDA. The City must use a design-bid-build process for the terminal, not the design-build process MCDA is able to use on the balance of the development.

City and Metro Transit staff are discussing this proposal with FTA. We believe the proposals made herein will meet the requirements of FTA and will be approved by them assuming an acceptable proposal from a prospective developer.

The balance of this Report is organized into sections on the Proposal Description, Financing, and Schedule.

## **I PROPOSAL DESCRIPTION**

### **A. Redevelopment**

The City has developed guidelines for the development of the North Nicollet Mall. MCDA has developed an RFP for the redevelopment of the Nicollet Hotel Block, Attachment A. The site is proposed as a mixed-use, transit oriented joint development to include convenience retail, ownership or rental housing, structured parking at least for residents, skyway connections, and a below grade bus terminal. The zoning of the site could accommodate 300 units of housing. The City would like 20% of these housing units to be affordable but is not offering City financing incentives for such housing due to a shortage of such incentives.

The City will retain fee title to the land. The City will need to negotiate an agreement with Metro Council for a long term (probably 99 year) lease for the Terminal and an agreement for its operation and maintenance. MCDA will sell (or possibly lease) the air rights to the successful proposer.

### **B. Bus Terminal**

Since the City will retain fee title to the land, the bus terminal built on that land must be considered as a “City” project, not an “MCDA” project. The City cannot do a design build project as is proposed for the balance of the development. Accordingly, the terminal must be a traditional design-bid-build project controlled by the “City”. We propose that the entire project be designed by the same developer in accordance with City/MCDA guidelines, specifications, and schematic drawings to better assure compatibility between the terminal and the other elements of the development. A City consultant will then take these design–build plans and specifications and refine them into a bid package for the Terminal. The developer’s contractor would be eligible to bid on these plans along with other qualified contractors.

The current plan is for the Terminal is to bring non-through buses to a central point for layover thereby reducing on-street layovers, reducing the added bus travel time to the scattered layover sites, reducing Downtown congestion and air pollution, saving bus travel costs, provide a layover for Circulator buses and a staging point for the southbound Circulator to meet LRT at the Nicollet Mall Station. Noise and emissions will be contained within the below grade structure and thereby removed from the street.

#### **1. Need for Terminal**

The Terminal will serve as a layover point for Downtown Circulator buses and for buses beginning or ending their route in the north end of Downtown. It will provide high quality transit service for the residents and businesses in the development and significantly improve the quality and efficiency of transit services Downtown.

Layovers are necessary to provide reliable and attractive service to transit customers. Buses are scheduled with calculated “recovery” time between trips. This recovery time

allows for each trip to start on time even if the last trip was late due to unusual traffic, detours or weather conditions. The City and Metro Transit receive numerous complaints from property owners located near existing on-street layovers asking that the bus layover be removed. Lack of alternative locations prohibits accommodation of many of these requests.

Attachment B identifies the layover locations in the north side of Downtown and the bus routes that use each location. The 41 impacted bus routes connect Downtown Minneapolis with a broad geographical cross-section of the Metro area and produce 521 bus layovers per weekday. Six of these routes currently layover at this site.

The demand for bus layover space in Downtown Minneapolis is expected to grow over time as employment and Downtown activity continues to grow. New service for the proposed Northwest Corridor/Busway connecting Minneapolis to Rogers will alone require an estimated seven layover locations at start-up with growth anticipated. Pressures to eliminate on-street layovers are also expected to increase. The Terminal should allow elimination of up to 12 existing bus layover sites. The strategic location of the Terminal will reduce bus traffic on City streets by eliminating travel to/from these remote layover sites, saving an estimated \$350,000 in annual transit operating costs.

The Terminal will need to provide 26 bus stalls for all the on-street layovers shown on Attachment B to be eliminated given current service levels. (Note that Routes 353, 355, 363 and 365 would remain on 4<sup>th</sup> St. because those routes start service at the 5<sup>th</sup> Street TAD Garage which does not have the capacity to accommodate them).

## **2. Bus Terminal Alternatives Evaluated**

Three bus terminal alternatives meeting differing objectives were considered.

- “Full Terminal” Alternative

Attempts to meet Metro Transit’s current north-end bus layover needs. It is a “below grade” alternate designed to accommodate approximately 27 buses. Passengers will be able to board or exit the bus at a platform at grade level interior to the development and take a stairs or elevator to the skyway level. This alternative will provide a place for Circulator bus layover, eliminates 11 current on-street layovers, and accommodates the six routes with 179 weekday layovers now being served on the Project site.

- “Minimal Terminal” Alternative

An alternative that would meet some FTA requirements for funding the purchase of the block but would otherwise seek to maximize redevelopment. This is an “at grade” alternate providing for only 9 buses;

- “No Terminal” Alternative

Layover functions would continue to be handled on street. This alternate requires that FTA be paid back the current value of the Block since it would not be used for the transit purpose for which it was purchased. The current estimate of that value is about \$7 million. When the Block is developed, this alternate will require that the six routes and 179 layovers now using this site find layover space elsewhere in the north end of Downtown. When these routes can no longer use this site, Metro Transit’s annual operating costs would increase by about \$185,000 due to the costs of unproductive drive time to and from new layover locations. Additional buses may be needed in the peak on some routes.

We recommend that the “Full Terminal” alternate be implemented. The Terminal is proposed to be below grade. Schematics included as Attachment C were developed as a terminal design that is workable and provides space to significantly reduce the current on-street bus layover problem. They will efficiently accommodate approximately 27 buses including at least two articulated buses. All vehicular traffic (autos, buses, and trucks) will enter the building from Third Street and exit onto Washington Ave.

A passenger waiting area and platform will be built at grade, interior to the building, to serve Circulator patrons, patrons exiting the regular route bus at the end of its run before going to the below grade terminal, and for patrons boarding the bus as it leaves the terminal to begin its route. It will be connected by stairs and elevator to a skyway connecting to the new Library. Additional passenger waiting areas will be incorporated into the building design on the Mall and at Hennepin Ave and 3<sup>rd</sup> St to serve bus passengers on those streets.

During review of these schematics it was pointed out that the design provides that the bus ramps are right against the Hennepin Ave frontage thereby creating a “brick wall” effect along Hennepin and allowing public access to the building or use of the frontage for development to be limited to only a 115’ segment in the middle of the block. Several alternative designs were proposed to improve this situation.

One proposal is to move both the bus ramps back 20’ toward the Nicollet Mall. This would allow the entire Hennepin frontage to be used for development and building access. It will probably reduce the number of bus layover spaces by at least 5 from 27 to 22. The impacts on the grade level circulation and on the proposed structural system will only be known after analysis by our consultant.

A second alternative is to move only the down bus ramp near Washington Av 20’ toward the Nicollet Mall. This will allow the 121’ next to Washington to be combined with the 115’ in the middle for 236’ or 80% of the available Hennepin frontage to be used for development purposes. The grade level circulation should not be impacted because this design allows the ramps to be extended permitting the upper end of the down ramp to remain essentially in place. A structural analysis will also need to be made on this alternate by our consultant.

We are working with our consultant to have these analyses essentially completed by the time of the Committee meeting so we can discuss them in more detail and with graphics.

Developers can propose alternate designs that better fit their development needs provided the transit needs continue to be met.

## **II. FINANCING**

### **A. Capital Cost**

The estimated total capital cost of the buses, bus pullouts and signing is \$3.8 million. The estimated total capital cost of the Terminal and related facilities including engineering is currently estimated at \$12.9 million in 2004 dollars. These estimates may need to be adjusted when the revised schematics and related analysis is completed by our consultant and new cost estimates made.

The major elements of the terminal capital costs are:

- Site acquisition, taxes, and related costs: \$2.8 million;
- Below grade bus terminal and related facilities, in Year 2004 dollars: \$8.2 million;
- Three at grade passenger waiting areas, elevator and stair to skyway level plus readerboards to advise of coming bus service: \$700,000;
- A skyway connection between the Terminal and the new Library and an additional skyway connecting the new Library to the balance of the skyway system: \$1.2 million. The cost includes the 3<sup>rd</sup> Street skyway plus half (the public share) of the additional skyway is more than the cost of typical skyways. However we want to be sure that these skyways have an aesthetic appeal that is complementary to the new Library design.

**B. Maintenance Cost**

Metro Transit will be responsible for the operation and maintenance of the Terminal under agreements to be developed between the City, Metro Transit, and the developer.

**C. Funding**

The estimated total capital cost of the Project as discussed in A above is \$16.7 million. Funding would come from the \$8 million Nicollet Mall Shuttle Grant; a nearly \$2 million federal FTA "earmark"; TEA21-AHED, a \$750,000 grant to be used to assist the transportation elements of developments containing significant affordable housing; Metro Transit funding of nearly \$2 million; Minneapolis funding totaling nearly \$700,000 and consisting of funds spent in the past plus an estimate of staff time for the balance of the Project; and about \$3.3 million from the proceeds from sale or lease of the air rights to the developer.

## **II. SCHEDULE**

**Circulator Buses**

Delivery of diesel-electric prototype bus	Delivered
Delivery of 2 <sup>nd</sup> & 3 <sup>rd</sup> diesel-electric buses	August 2003
Delivery of 5 ultra low sulfur fueled buses	August 2003
Downtown Circulator placed into service	March 2004

**LRT**

Begin revenue operation	April 2004
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**Nicollet Hotel Block, Bus Terminal & Mixed Use Development**

Develop conceptual design and Performance Spec for Bus Terminal	April 2003
City issue RFP for Development	May 2003
City Council/MCDA Board Approval of Developer	September 2003
Begin Construction	Early 2004
Finish Construction	2006

**New Library**

Demolition	Underway
Begin Excavation	May 2003
Complete Design	June 2003
Begin Construction of Structure	September 2003
Complete Construction; Begin move-in	December 2005
Opening	May 2006

Attachment A; RFP (4/14/03 Draft)  
Attachment B; North Loop Bus Layovers  
Attachment C1; Current Terminal Schematic, At Grade  
Attachment C2; Current Terminal Schematic, Below Grade  
Attachment C3; Current Terminal Schematic, Cross Section along Hennepin Ave

C: Council Member Lisa Goodman  
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